

BEFORE THE NEBRASKA PUBLIC SERVICE
COMMISSION

In the Matter of the Application) Application No. NUSF-3
of Hamilton Telephone Company,)
Aurora, Nebraska, seeking issuance) WAIVER GRANTED
of an order by the Commission)
waiving the requirement to file a)
NUSF Transition Plan.) Entered: September 21, 1999

APPEARANCES:

For the Applicant:
Paul Schudel
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Lincoln, NE 68508

For the Commission:
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P.O. Box 94927
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BY THE COMMISSION:

By application filed April 13, 1999, Hamilton Telephone Company (Hamilton) requested that it be granted a waiver of the requirement that Hamilton submit a Nebraska Universal Service Fund (NUSF) Transition Plan as set forth in the Findings and Conclusions entered by this Commission in Application No. C-1628 on January 13, 1999, as later modified, and as revised in Progression Order No. 5 entered on March 9, 1999, in Application No. C-1628/NUSF. Notice of the application was published in The Daily Record, Omaha, Nebraska, on April 14, 1999. A public hearing was held on August 31, 1999, in the Commission Hearing Room, Lincoln, Nebraska, with appearances as shown above.

E V I D E N C E

In support of its application, the applicant produced one witness, Phillip C. Nelson, president, who testified as follows:

Mr. Nelson stated that two years ago Hamilton went through a rate rebalancing process whereby the applicant took a fairly substantial step in reducing its access charges by matching the interstate access charges in effect at that time. Also, it unified the rates for residence and business services.

Since that time, and subsequent to the filing of Hamilton's waiver request, Hamilton has restructured its intrastate access charges so that the structure is completely consistent with the process approved by the Commission in Application No. C-1628.

As Hamilton is compliant with the access structure and does not propose to draw from the Nebraska Universal Service Fund, it is requesting a one-year waiver to maintain its current local rates as approved in Docket No. C-1482. Hamilton will, however, collect and remit to the Nebraska Universal Service Fund the surcharges outlined in Application No. C-1628.

Mr. Nelson agreed that if Hamilton was to request a variance from the benchmark levels in years two, three and four of the transition period, that the company would need to file an application for a waiver. Mr. Nelson further agreed that in the event that there was any restructuring or changing of rates for NUSF support, that Hamilton would abide by those requirements.

Mr. Pursley, director of the Nebraska Universal Service Fund Department, testified as follows:

Mr. Pursley agreed that if the Commission was to grant this waiver, there would appear to be a minimal impact to the fund. However, he noted that the Commission still needs to review a number of issues regarding the connection between access reductions and local rates. Furthermore, Mr. Pursley indicated that he would anticipate that Hamilton would further lower access charges simultaneously with any increases in local rates.

O P I N I O N A N D F I N D I N G S

The Commission is of the opinion and finds that the request for a one-year waiver to file the local rate rebalancing part of the transition plan is acceptable based upon the reasons set forth above.

However, the Commission remains committed to providing for comparable rates for comparable services across the state of Nebraska. To the extent that access rates are priced above actual cost, implicit subsidies still remain. The federal Telecommunications Act of 1996 states that all implicit subsidies must be removed to effectively promote competition. As such, the Commission remains dedicated to the requirements outlined in Application No. C-1628/NUSF.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the waiver to extend the time for filing the local rate rebalancing part of the transition plan be, and it is hereby, approved.

IT IS FURTHER ORDERED that Hamilton Telephone Company has until April 30, 2000, to file a local rate rebalancing plan to set forth the necessary rate increases to transition local rates to the benchmarks of \$17.50 for residential and \$27.50 for business during the remaining portion of the transition period.

MADE AND ENTERED at Lincoln, Nebraska, this 21st day of September, 1999.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

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